

Message Text

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ACTION EB-07

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E.O. 11652: N/A

TAGS: EAIR, TH

SUBJECT: CIVAIR: MINIMUM BANGKOK-HONG KONG FARE

REF: A) BANGKOK 21389 B) BANGKOK 630

SUMMARY:

1. SUMMARY. DEPARTMENT OF AVIATION HAS ESTABLISHED NEW MINIMUM EXCURSION FARE ON BANGKOK-HONG KONG SECTOR, WITH EFFECT FROM FEB 1. GOVERNMENT HOPES THIS MOVE WILL MEET BRITISH AND HONG KONG AIRLINE OBJECTIONS TO PRICE CUTTING BY THAI AIRLINES, AND THAT HMG WILL REMOVE, EVENTUALLY, FIFTH-FREEDOM RESTRICTIONS ON THAI AIRLINES ON HONG KONG-TOKYO SECTOR. END SUMMARY.

2. NEW REOUND TRIP FARE OF \$241 (4830 BAHT) IS CONSIDERABLY LOWER THAN IATA FARE OF \$312 (6240 BAHT), BUT WELL ABOVE RECENTLY AVAILABLE ROUND TRIP PRICES WHICH RANGED AS LOW AS \$115, BUT MORE COMMONLY AROUND \$150. CONDITIONS INCLUDE 1) MINIMUM SEVEN-DAY STAY IN HONG KONG: 2) FARE CAN BE ADVERTISED ONLY IN HONG KONG AND BANGKOK: 3) RATE MAY NOT BE INCLUDED IN FARES CHARGED TO POINTS BEYOND HONG KONG. AIRLINES INCLUDING PANAM BEGAN SELLING NEW FARE FEB 2.

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3. NEW REGULATION MAKES BOARD OF AIRLINE REPRESENTATIVES (BAR INCLUDES ALL THAI AND FOREIGN AIRLINES OPERATING THROUGH BANGKOK) RESPONSIBLE FOR POLICING NEW FARE. ALLEGED VIOLATIONS ARE TO BE REPORTED BY BAR TO DEPARTMENT OF AVIATION (DOA) WHICH WILL CONDUCT FORMAL INVESTIGATION. ORDER PROVIDES THAT DOA WILL WARN VIOLATORS FOR FIRST AND SECOND OFFENSES, BUT WILL WITHDRAW AIRLINE'S TRAFFIC RIGHTS IF FOUND GUILTY OF THIRD OFFENSE. PRESUMABLY THAI INTER, BRITISH AIRWAYS AND CATHAY PACIFIC WILL MONITOR SITUATION CLOSELY, ESPECIALLY IN REGARD AIR SIAM.

4. DR. SISUK OF MINISTRY OF COMMUNICATIONS AND DIRECTOR GENERAL OF TOURIST ORGANIZATION OF THAILAND PLAN TO HOLD INFORMAL TALKS IN NEAR FUTURE WITH UNDER SECRETARY, BRITISH DEPARTMENT OF TRADE IN LONDON, IN HOPE THAT, WITH NEW MINIMUM FARE IN EFFECT, UK AUTHORITIES CAN BE PERSUADED TO REMOVE HONG KONG-TOKYO FIFTH FREEDOM RESTRICTION (REF A). HOWEVER, EMBOFF INFERRED IN TALKING WITH SISUK THAT MINISTRY OF COMMUNICATIONS HAS SUCCEEDED, AT LEAST TEMPORARILY, IN PIGEON-HOLING AIR SIAM'S PROPOSAL FOR A THAI INTERAIR SIAM ROUTE SWAP (REF B), WITH RESULT THAT ALTHOUGH THAI INTER'S SUPPORTERS IN MINISTRY OF COMMUNICATIONS GENUINELY WISH TO SEE HONG KONG-TOKYO RESTRICTIONS REMOVED AT SOME FUTURE DATE IN ORDER TO BENEFIT THAI INTER, THEY ARE WILLING TO LIVE WITH RESTRICTIONS REMOVED AT SOME FUTURE DATE IN ORDER TO BENEFIT THAI INTER, THEY ARE WILLING TO LIVE WITH RESTRICTIONS FOR IMMEDIATE FUTURE, BECAUSE THEY BELIEVE LOSS OF REVENUE ON THIS IMPORTANT SECTOR WILL FORCE ARCH ENEMY AIR SIAM INTO BANKRUPTCY IN MATTER OF MONTHS. WHITEHOUSE

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